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**SALT RIVER PROJECT**

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2004 JUL 30 P 3: 38

**KELLY J. BARR, ESQ.**

Manager, Regulatory Affairs & Contracts

AZ CORP COMMISSION  
DOCUMENT CONTROL

July 30, 2004

Chairman Marc Spitzer  
Commissioner William A. Mundell  
Commissioner Jeff Hatch-Miller  
Commissioner Mike Gleason  
Commissioner Kristin K. Mayes  
Arizona Corporation Commission  
1200 West Washington  
Phoenix, Arizona 85007

Re: Docket No. L-00000B-00-0105, Decision No. 63611

Dear Commissioners:

Enclosed please find SRP's eleventh quarterly report on the status of the Santan project. This report provides up-to-date information and documentation on the status of SRP's efforts to comply with each condition contained in the Certificate of Environmental Compatibility (CEC).

As always, please feel free to contact me if you have any additional questions or concerns.

Sincerely,

Kelly J. Barr

Enc.

Arizona Corporation Commission

**DOCKETED**

JUL 30 2004

DOCKETED BY	
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cc: Lyn Farmer, Chief Administrative Law Judge (via Docket Control distribution)  
Ernest Johnson, Utilities Director (via Docket Control distribution)  
Brian Bozzo, Compliance and Enforcement Mgr. (via Docket Control distribution)  
Chris Kempley, Legal Director (via Docket Control distribution)  
Brian McNeil, Executive Secretary  
Docket Control – original plus 25 copies

Richard H. Silverman, General Manager  
Richard M. Hayslip, Manager, Environmental, Land, Risk Management & Telecom

# QUARTERLY UPDATE

1                                   **BEFORE THE ARIZONA POWER PLANT**  
2                                   **AND TRANSMISSION LINE SITING COMMITTEE**

3 In the matter of the Application of Salt                   )  
4 River Project Agricultural Improvement and            )  
5 Power District in conformance with the                )  
6 requirements of Arizona Revised Statutes             )  
7 Sections 40-360-03 and 40-360.06, for a                )  
8 Certificate of Environmental Compatibility             )  
9 authorizing the Expansion of its Santan                )  
10 Generating Station, located at the intersection        )  
11 of Warner Road and Val Vista Drive,                    )  
12 in Gilbert, Arizona, by adding 825 megawatts          )  
13 of new capacity in the form of three combined         )  
14 cycle natural gas units, and associated                )  
15 intraplant transmission lines.                         )  
16 \_\_\_\_\_ )

Case No. 105

Docket No. L-00000B-00-0105

Decision No. \_\_\_\_\_

17                                   **CERTIFICATE OF ENVIRONMENTAL COMPATIBILITY**

18                                   Pursuant to notice given as provided by law, the Arizona Power Plant and  
19 Transmission Line Siting Committee (the "Committee") held public hearings at the  
20 Dobson Ranch Inn, 1644 South Dobson Road, Mesa, Arizona, on September 14, 2000,  
21 and various days following, in conformance with the requirements of Arizona Revised  
22 Statutes section 40-360 *et seq.*, for the purpose of receiving evidence and deliberating  
23 on the Application of Salt River Project Agricultural Improvement and Power District  
24 ("Applicant") for a Certificate of Environmental Compatibility in the above-captioned  
25 case (the "Application").

                  The following members or designees of members of the Committee were present  
for the hearing on the Application:

Paul A. Bullis	Chairman, Designee for Arizona Attorney General Janet Napolitano
Steve Olea	Designee of Chairman of the Arizona Corporation Commission

1	Richard Tobin	Designee for the Arizona Department of Environmental Quality
2		
3	Dennis Sundie	Designee for the Director of the Department of Water Resources
4		
5	Mark McWhirter	Designee for the Director of the Energy Office of the Arizona Department of Commerce
6		
7	George Campbell	Appointed Member
8	Jeff Mcguire	Appointed Member
9	A. Wayne Smith	Appointed Member
10	Sandie Smith	Appointed Member
11	Mike Whalen	Appointed Member

12 The Applicant was represented by Kenneth C. Sundlof, Jr., Jennings, Strouss &  
13 Salmon PLC. There were seventeen intervenors: Arizona Utilities Investor Association,  
14 by Ray Heyman; Arizona Corporation Commission Staff, by Janice Alward; Arizona  
15 Center for Law in the Public Interest, by Timothy Hogan, Mark Kwiat, Elisa Warner,  
16 David Lundgreen, Cathy LaTona, Sarretta Parrault, Mark Sequeira, Cathy Lopez,  
17 Michael Apergis, Marshal Green, Charlie Henson, Jennifer Duffany, Christopher  
18 Labban, Bruce Jones and Dale Borger. There were a number of limited appearances.

19 The Arizona Corporation Commission has considered the grant by the Power  
20 Plant and Line Siting Committee of a Certificate of Environmental Compatibility to SRP  
21 and finds that the provisions of A.R.S. §40-360.06 have complied with, and, in addition,  
22 that documentary evidence was presented regarding the need for the Santan Expansion  
23 Project. Credible testimony was presented concerning the local generation deficiency in  
24 Arizona and the need to locate additional generation within the East Valley in order to  
25 minimize transmission constraints and ensure reliability of the transmission grid. The  
evidence included a study that assessed the needs of the East Valley. The analysis

1 found that the East Valley peak load currently exceeds the East Valley import capability  
2 and within the next 5 years the East Valley load will exceed the load serving capability.

3 Additional testimony was presented regarding SRP's projected annual 3.7% load  
4 growth in its service territory. By 2008, SRP will need approximately 2700 MW to meet  
5 its load. This local generation plant will have power available during peak periods for  
6 use by SRP customers.

7 At the conclusion of the hearing and deliberations, the Committee, having  
8 received and considered the Application, the appearance of Applicant and all  
9 intervenors, the evidence, testimony and exhibits presented by Applicant and all  
10 intervenors, the comments made by persons making limited appearances and the  
11 comments of the public, and being advised of the legal requirements of Arizona Revised  
12 Statutes Sections 40-360 to 40-360.13, upon motion duly made and seconded, voted to  
13 grant Applicant the following Certificate of Environmental Compatibility (Case No. L-  
14 00000B-00-0105):

15 Applicant and its assignees are granted a Certificate of Environmental  
16 Compatibility authorizing the construction of an 825 megawatt generating facility  
17 consisting of three combined cycle units with a total net output of 825 megawatts  
18 together with related infrastructure and appurtenances, in the Town of Gilbert, on  
19 Applicant's existing Santan Generating Station site, and related switchyard and  
20 transmission connections, as more specifically described in the Application (collectively,  
21 the "Project"). Applicant is granted flexibility to construct the units in phases, with  
22 different steam turbine configurations, and with different transmission connection  
23 configurations, so long as the construction meets the general parameters set forth in the  
24 application.  
25

1 This certificate is granted upon the following conditions:

- 2 1. Applicant shall comply with all existing applicable air and water pollution  
3 control standards and regulations, and with all existing applicable  
4 ordinances, master plans and regulations of the State of Arizona, the  
5 Town of Gilbert, the County of Maricopa, the United States, and any other  
6 governmental entities having jurisdiction.

7 **Status ~ The final Aquifer Protection Permit (APP) went to the 30-day**  
8 **public comment period on May 20, 2004 and the comment period has**  
9 **now been closed. Barring any third party concerns, the final APP is**  
10 **expected to be issued by ADEQ at the end of July or early August 2004.**  
11 **ADEQ requested additional information in support of the SRP re-use**  
12 **permit. SRP's response was returned to ADEQ on May 24, 2004. The**  
13 **re-use permit review is proceeding accordingly and permit issuance is**  
14 **anticipated by the end of August 2004. The final Arizona Pollution**  
15 **Discharge Elimination System (AZPDES) permit was issued by ADEQ**  
16 **on June 8, 2004. The effective date of the permit is July 1, 2004.**

- 17 2. This authorization to construct the Project will expire five (5) years from  
18 the date the Certificate is approved by the Arizona Corporation  
19 Commission unless construction of the Project is completed to the point  
20 that the project is capable of operating at its rated capacity; provided,  
21 however, that Applicant shall have the right to apply to the Arizona  
22 Corporation Commission for an extension of this time limitation.

23 **Status ~ Construction continues on schedule for Units 5A and 5B. New**  
24 **equipment and systems are being powered up for testing. The cooling**  
25 **tower for Units 5A and 5B is complete. The water treatment building**  
26 **and associated equipment are complete. Installation of electrical**  
27 **systems, control systems, and piping continues.**

- 28 3. Applicant's project has two (2) approved transmission lines emanating  
29 from its power plant's transmission switchyard and interconnecting with  
30 the existing transmission system. This plant interconnection must satisfy  
31 the single contingency criteria (N-1) without reliance on remedial action  
32 such as a generator unit tripping or load shedding.

33 **Status ~ SRP has completed the activity required by this condition.**

- 34 4. Applicant shall use reasonable efforts to remain a member of WSCC, or  
35 its successor, and shall file a copy of its WSCC Reliability Criteria  
36 Agreement or Reliability Management System (RMS) Generator  
37 Agreement with the Commission.

38 **Status ~ No update or change from April 2004 quarterly report.**

- 1 5. Applicant shall use reasonable efforts to remain a member of the  
2 Southwest Reserve Sharing Group, or its successor.

3 **Status ~ No update or change from April 2004 quarterly report.**

- 4 6. Applicant shall meet all applicable requirements for groundwater set forth  
5 in the Third Management Plan for the Phoenix Active Management Area.

6 **Status ~ No update or change from April 2004 quarterly report.**

- 7 7. With respect to landscaping and screening measures, including the  
8 improvements listed in the IGA, Applicant agrees to develop and  
9 implement a public process consistent with the process chart (Exhibit 89)  
presented during the hearings, modifying the dates in the IGA with the  
Town of Gilbert, if necessary, to correspond with the schedule in Exhibit  
89.

10 The new Community Working Group (CWG) will consist of 12 members,  
11 selected as follows: one member selected by the Town of Gilbert, four  
12 members selected by neighborhood homeowner associations, four  
13 representatives selected by intervenors, and three members selected by  
SRP (not part of the aforementioned groups) who were part of the original  
community working group. Applicant and landscaping consultants shall  
act as advisors to the CWG. CWG meetings shall be noticed to and be  
open to the general public. The initial meeting shall take place on an  
evening or weekend in the Town of Gilbert.

15 The objective of the CWG shall be to refine the landscaping and mitigation  
16 concept plans submitted during these hearings (Exhibit 88). The CWG shall  
17 work to achieve appropriate visual mitigation of plant facilities and to  
18 facilitate the design and installation of the concept plan components so as to  
19 maximize the positive impact on the community and to increase, wherever  
possible, the values of the homes in the neighboring areas. The refinement  
of the mitigation plans shall be reasonably consistent with the planning  
criteria of the Town of Gilbert, the desires of neighboring homeowner  
associations, and the reasonable needs of Applicant.

21 Applicant shall retain an independent facilitator, acceptable to the CWG, to  
22 conduct the CWG meetings. It shall be the role of the facilitator to assist in  
initial education and in conducting an orderly and productive process. The  
facilitator may, if necessary, employ dispute resolution mechanisms.

23 The CWG shall also assist in establishing reasonable maintenance  
24 schedules for landscaping of Applicant's plant site in public-view areas.

25 Applicant will develop with the Town of Gilbert a continuous fund, to be  
administered by the Town of Gilbert, to provide for the construction and

1 maintenance of off-site landscaping in the areas depicted in the off-site  
2 landscaping concepts as developed by the CWG in an amount sufficient to  
3 fund the concepts in Exhibit 88 or concepts developed by the CWG,  
4 whichever is greater.

5 **Status ~**

6 **Onsite Landscaping Program ~**

7 ***Ten Eyck, SRP's landscape architect, developed a two-phase plan for  
8 the landscaping at the site. The CWG reviewed and approved the plan.  
9 Phase I of the landscape mitigation plan includes the majority of the  
10 landscape work. The only work not included in Phase I involves two  
11 areas of the site that need to be left available for construction access or  
12 installation of underground utilities associated with the power plant  
13 construction. These Phase II areas include the northeast area and the  
14 southeast corner of the project site.***

15 ***Phase I work on the north and west berms and on the south side is  
16 complete. Following the completion of the power plant construction,  
17 the Phase II landscaping work will be completed.***

18 ***In the "Trails Area" to the east of the power plant, work is nearly  
19 complete, including grading, installing decorative masonry walls, the  
20 electrical system for lighting, the equestrian node, the horse trail, the  
21 irrigation facilities and the planting of trees and shrubs. Work on the  
22 fencing and the shared use path is continuing.***

23 **Home Owners' Association (HOA) Offsite Landscaping Program ~**

24 ***Under this program, SRP agreed to make a one-time payment to  
25 nineteen (19) area HOAs to fund improvements to help mitigate views of  
the power plant. Eighteen (18) of the nineteen (19) HOAs submitted  
landscaping plans, for a total disbursement of \$1,329,067. This portion  
of the program is complete.***

***Under the program, SRP will make future annual payments of \$49,884 to  
the HOAs for offsite landscaping maintenance for a period of twenty  
(20) years, beginning in September, 2004. This totals 5% of that portion  
of the one time allocation dedicated to vegetative landscaping.***

**Individual County Landscaping Program ~**

***SRP has completed this program.***

8. The visual mitigation efforts shall be in general compliance with the plans and concepts presented in these proceedings and constitute a commitment level by Applicant. Applicant will not reduce the overall level of mitigation as set forth in its Application and this proceeding, except as may be reasonably changed during the CWG process. The Town of Gilbert shall approve the plans agreed to by the CWG.

**Status ~ No update or change from April 2004 quarterly report.**



- 1 9. Applicant shall, where reasonable to do so, plant on site trees by the fall of  
2 2001. Because planting of trees must await the improvement of Warner  
3 Road and the design and construction of berms, this condition will largely  
4 apply to trees on the East side of the site, and some of the trees on the  
5 North side. All landscaping will be installed prior to the installation of major  
6 plant equipment such as, but not limited to, exhaust stacks, combustion  
7 turbines, and heat recovery steam generators, except where delays are  
8 reasonably necessary to facilitate construction activities.

9 **Status ~ As noted in condition 7, Phase I work on the north and west  
10 berms and on the south side of the plant is complete. Following the  
11 completion of the power plant construction, the Phase II landscaping  
12 work will be completed.**

13 **In the "Trails Area" to the east of the power plant, work is nearly  
14 complete, including grading, installing decorative masonry walls, the  
15 electrical system for lighting, the equestrian node, the horse trail, the  
16 irrigation facilities and the planting of trees and shrubs. Work on the  
17 fencing and the shared use path is continuing.**

- 18 10. Applicant shall operate the Project so that during normal operations the  
19 Project shall not exceed the most restrictive of applicable (i) HUD residential  
20 noise guidelines, (ii) EPA residential noise guidelines, or (iii) applicable City  
21 of Tempe standards. Additionally, construction and operation of the facility  
22 shall comply with OSHA worker safety noise standards. Applicant agrees  
23 that it will use its best efforts to avoid during nighttime hours construction  
24 activities that generate significant noise. Additionally, Applicant agrees to  
25 comply with the standards set forth in the Gilbert Construction Noise  
Ordinance, Ordinance No. 1245, during construction of the project. In no  
case shall the operational noise level be more than 3 db above background  
noise as of the noise study prepared for this application. The Applicant shall  
also, to the extent reasonably practicable, refrain from venting between the  
hours of 10:00 p.m. and 7:00 a.m.

**Status ~ No update or change from April 2004 quarterly report.**

11. Applicant will work with the Gilbert Unified School District to assist it in  
converting as many as possible of its school bus fleet to green diesel or  
other alternative fuel, as may be feasible and determined by Gilbert Unified  
School District, and will contribute a minimum of \$330,000 to this effort.

**Status ~ SRP has completed the activity required by this condition.**

12. Applicant shall actively work with all interested Valley cities, including at a  
minimum, Tempe, Mesa, Chandler, Queen Creek and Gilbert, to fund a  
Major Investment Study through the Regional Public Transit Authority to  
develop concepts and plans for commuter rail systems to serve the growing  
population of the East Valley. Applicant will contribute a maximum of

1 \$400,000 to this effort.

2 **Status ~ After reviewing proposals submitted for the second phase of**  
3 **the Transportation Study, the Town of Gilbert and SRP have selected**  
4 **the final scope of work prepared by Parsons Brinkerhoff. Final**  
5 **signatures for scope approval are underway. Phase 2 is expected to**  
6 **kick-off in September 2004.**

- 7 13. Within six months of approval of this Order by the Arizona Corporation  
8 Commission, Applicant shall either relocate the gas metering facilities to the  
9 interior of the plant site or construct a solid wall between the gas metering  
10 facilities at the plant site and Warner Road. The wall shall be of such  
11 strength and size as to deflect vehicular traffic (including a fully loaded  
12 concrete truck) that may veer from Warner Road to the gas-metering site.

13 **Status ~ SRP has completed the activity required by this condition.**

- 14 14. Applicant will use only SRP surface water, CAP water or effluent water for  
15 cooling and power plant purposes. The water use for the plant will be  
16 consistent with the water plan submitted in this proceeding and acceptable  
17 to the Department of Water Resources. Applicant will work with the Town of  
18 Gilbert to attempt to use available effluent water, where reasonably feasible.

19 **Status ~ Through June 2004, SRP had delivered a total of 39,686 acre**  
20 **feet of CAP water to the Granite Reef Underground Storage Project**  
21 **(GRUSP) for future use at SEP via recovery from any SRP owned wells**  
22 **(Association or District) and delivered to SEP from the Eastern Canal**  
23 **(or onsite District wells). Accordingly, SRP has met its target to store**  
24 **30,000 acre-feet of CAP water by May 2005. At this time it is projected**  
25 **that SRP will continue to store CAP water in GRUSP through 2011.**

15. Applicant agrees to comply with all applicable federal, state and local  
regulations relative to storage and transportation of chemicals used at the  
plant.

**Status ~ No update or change from April 2004 quarterly report.**

16. Applicant agrees to maintain on file with the Town of Gilbert safety and  
emergency plans relative to emergency conditions that may arise at the  
plant site. On at least an annual basis Applicant shall review and update, if  
necessary, the emergency plans. Copies of these plans will be made  
available to the public and on Applicant's web site. Additionally Applicant  
will cooperate with the Town of Gilbert to develop an emergency notification  
plan and to provide information to community residents relative to potential  
emergency situations arising from the plant or related facilities. Applicant  
agrees to work with the Gilbert police and fire departments to jointly develop  
on site and off-site evacuation plans, as may be reasonably appropriate.  
This cooperative work and plan shall be completed prior to operation of the

1 plant expansion.

2 **Status ~ No update or change from April 2004 quarterly report.**

- 3 17. In obtaining air offsets required by EPA and Maricopa County, Applicant will  
4 use its best efforts to obtain these offsets as close as practicable to the plant  
5 site.

6 **Status ~ No update or change from April 2004 quarterly report.**

- 7 18. In order to reduce the possibility of generation shortages and the attendant  
8 price volatility that California is now experiencing, SRP will operate the  
9 facilities consistent with its obligation to serve its retail load and to maintain a  
10 reliable transmission system within Arizona.

11 **Status ~ No update or change from April 2004 quarterly report.**

- 12 19. Beginning upon operation of the new units, Applicant will establish a citizens'  
13 committee, elected by the CWG, to monitor air and noise compliance and  
14 water quality reporting. Applicant will establish on-site air and noise  
15 monitoring facilities to facilitate the process. Additionally Applicant shall  
16 work with Maricopa County and the Arizona Department of Environmental  
17 Quality to enhance monitoring in the vicinity of the plant site in a manner  
18 acceptable to Maricopa County and the Arizona Department of  
19 Environmental Quality. Results of air monitoring will be made reasonably  
20 available to the public and to the citizens' committee. Applicant shall provide  
21 on and off-site noise monitoring services (at least on a quarterly basis),  
22 testing those locations suggested by the citizens' committee. The off-site air  
23 monitoring plan shall be funded by the Applicant and be implemented before  
24 operation of the plant expansion.

25 **Status ~ At the December 9, 2002 CWG meeting, the CWG agreed that  
the 10-member Citizens Committee should be comprised of the  
following representatives:**

- **One representative selected by the Arizona Department of Health Services,**
- **One representative selected by the Maricopa County Air Quality Division,**
- **One representative selected by the Town Manager of Gilbert to represent the Town of Gilbert staff,**
- **One Town of Gilbert resident who is a licensed professional engineer, selected by Salt River Project,**
- **One representative selected by each of the following HOA Boards: Cottonwood Crossing, Finley Farms South, Rancho Cimarron, Silverstone Ranch, and Western Skies, and**
- **One representative of the unincorporated area south of the Santan Generating Station, to be determined by Salt River Project.**

1           ***The CWG further agreed that SRP would contact the various groups to***  
2           ***request that they name their representative by approximately***  
3           ***September 1, 2004.***

4           ***In accordance with the CWG directives, SRP is forming a new***  
5           ***committee that will be in place prior to the time the new Santan units***  
6           ***are operational in 2005. SRP sent a letter on May 11, 2004 to the***  
7           ***organizations identified by the CWG, requesting that they select their***  
8           ***representatives to the Santan Neighborhood Committee (SNC) by July***  
9           ***1, 2004. A copy of the letters sent to each organization is included***  
10           ***under Appendix A. The town of Gilbert and the professional engineer***  
11           ***were contacted electronically and telephonically. As of July 1, 2004, 6***  
12           ***members have been identified.***

13           ***The first introductory meeting for the 10-member committee is***  
14           ***tentatively scheduled for September 8, 2004. At this meeting, the roles***  
15           ***and responsibilities of the group will be explained and information will***  
16           ***be provided regarding the status of the Santan Expansion Project and***  
17           ***when monitoring data will be available to the SNC members.***

18           ***It is anticipated that the SNC will eventually elect officers and adopt a***  
19           ***charter before the units become operational. A second meeting is***  
20           ***tentatively scheduled for December 2004. At the December meeting,***  
21           ***members will receive training on how to interpret air, noise and water***  
22           ***quality data provided to them.***

- 23           20.   Applicant will explore, and deploy where reasonably practicable, the use of  
24           available technologies to reduce the size of the steam plumes from the unit  
25           cooling towers. This will be a continuing obligation throughout the life of the  
26           plant.

27           ***Status ~ No update or change from April 2004 quarterly report.***

- 28           21.   SRP will, where practicable, work with El Paso Natural Gas Company to use  
29           the railroad easements for the installation of the new El Paso gas line.

30           ***Status ~ SRP was approached by a party wanting to incorporate the***  
31           ***natural gas pipeline which supplies natural gas for the SEP into a***  
32           ***proposed pipeline project. SRP considered the possible benefits to the***  
33           ***state and has decided that the concept has merit. However, rather than***  
34           ***negotiating with only one party, SRP has elected to send out a Request***  
35           ***for Expression of Interest (Requests for Interest) to all parties that might***  
36           ***be interested in purchasing the lateral. SRP notified the impacted city***  
37           ***governments and sent notification letters to landowners in the right of***  
38           ***way corridor. A copy of the letter is included under Appendix B. The***  
39           ***Requests for Interest should go out by the end of July, with responses***  
40           ***from interested parties due by the end of August.***

- 41           22.   Other than the Santan/RS 18 lines currently under construction, Applicant  
42           shall not construct additional Extra High Voltage transmission lines (115kV

and above) into or out of the Santan site, including the substation on the site.

**Status ~ No update or change from April 2004 quarterly report.**

23. Applicant will replace all Town of Gilbert existing street sweepers with certified PM10 efficient equipment. A PM10 efficient street sweeper is a street sweeper that has been certified by the South Coast Air Quality Management District (California) to comply with the District's performance standards under its Rule 1186 (which is the standard referenced by the Maricopa Association of Governments).

**Status ~ SRP has completed the activity required by this condition.**

24. Applicant shall work in a cooperative effort with the Office of Environmental Health of the Arizona Department of Health Services to enhance its environmental efforts.

**Status ~ A representative of the Arizona Dept of Health Services has agreed to serve on the Santan Neighborhood Committee. Please refer to the response for Condition 19 for additional information.**

25. Applicant shall operate, improve and maintain the plant consistent with applicable environmental regulations and requirements of the Environmental Protection Agency, the Arizona Department of Environmental Quality, Maricopa County and the Town of Gilbert.

**Status ~ No update or change from April 2004 quarterly report.**

26. Applicant shall actively work in good faith with Maricopa County in its efforts to establish appropriate standards relative to the use of distillate fuels in Valley generating facilities.

**Status ~ SRP has completed the activity required by this condition.**

27. Applicant shall install continuous emission monitoring equipment on the new units and will make available on its website emissions data from both the existing and new units according to EPA standards. Applicant shall provide information to the public on its website in order to assist the public in interpreting the data, and provide viable information in a reasonable time frame.

**Status ~ No update or change from April 2004 quarterly report.**

28. Applicant will comply with the provisions of the Intergovernmental Agreement dated April 25, 2000 between Applicant and the Town of Gilbert, as modified pursuant to this Certificate.

**Status** ~ There are eight SRP obligations noted on the IGA. The status of each obligation is as follows:

**Improvements to Warner Road and Val Vista Road** ~ These improvements are complete.

**Screening of the Plant** ~ Ten Eyck, SRP's landscape architect, developed a two-phase plan for the landscaping at the site. The CWG reviewed and approved the plan. Phase I of the landscape mitigation plan includes the majority of the landscape work. The only work not included in Phase I involves two areas of the site that need to be left available for construction access or installation of underground utilities associated with the power plant construction. These Phase II areas include the northeast area and the southeast corner of the project site.

Phase I work on the north and west berms and on the south side of the plant is complete. Following the completion of the power plant construction, the Phase II landscaping work will be completed.

**Trail Extension** ~ In the "Trails Area" to the east of the power plant, work is nearly complete, including grading, installing decorative masonry walls, the electrical system for lighting, the equestrian node, the horse trail, the irrigation facilities and the planting of trees and shrubs. Work on the fencing and the shared use path is continuing.

**Rerouting of Canal at Ray Road** ~ This canal modification is complete.

**Training Tower Removal** ~ This training tower was removed in the fall of 2000.

**Revegetation Along New RS 18 Line** ~ SRP has restored any vegetation damaged or destroyed along the RS 18 line as a result of the construction of the line.

**Dust Control Along Canals** ~ SRP is in compliance with applicable PM-10 standards along SRP canal banks.

**Offsite Tree Planting** ~ The offsite landscaping programs are complete. See Condition 7 status for more details.

29. During the proceeding neighbors to the plant site raise significant concern about the impact of the plant expansion on residential property values. In performing each of the conditions in this order Applicant, in conjunction where applicable, with the Town of Gilbert and the plant site neighbors, shall consider and attempt to maximize the positive effect of its activities on the values of the homes in the surrounding neighborhoods.

**Status** ~ As discussed in SRP's response to Conditions 7, 9 and 28, SRP has significantly completed the comprehensive landscaping plan that was developed by SRP's landscape architect and approved by the

1 **CWG. Landscaping work is complete on the north and west berms and**  
2 **on the south side of the plant. Once the power plant construction is**  
3 **finished, the remaining landscaping work on the northeast area and the**  
4 **southeast corner of the project site will be completed.**

5 **Work is nearly complete in the "Trails Area" to the east of the power**  
6 **plant. This includes grading, installing decorative masonry walls, the**  
7 **electrical system for lighting, the equestrian node, the horse trail, the**  
8 **irrigation facilities and the planting of trees and shrubs. Work on the**  
9 **fencing and the shared use path is continuing.**

10 **SRP's commitment for offsite landscaping has been met.**

11 **All landscaping plans have been designed to provide attractive features**  
12 **and to maximize the positive effect on the surrounding neighborhoods.**

- 13 30. Applicant shall construct the auxiliary boiler stack at such height as may be  
14 determined by air modeling requirements. Applicant shall situate the  
15 auxiliary boiler stack so that it is not visible from off the plant site.

16 **Status ~ This condition is no longer applicable as SRP has decided not**  
17 **to use an auxiliary boiler so no auxiliary boiler stack will be necessary.**

- 18 31. Applicant will construct the heat recovery steam generators ("HRSG")  
19 approximately 15 feet below grade and will construct the HRSGs so that the  
20 overall height of the HRSG module from the natural grade is no more than  
21 80 feet.

22 **Status ~ SRP has completed the activity required by this condition.**

- 23 32. Applicant will complete the installation of the dry low NOX burners on the  
24 existing units prior to the construction of the new units.

25 **Status ~ SRP has completed the activity required by this condition.**

- 30 33. Applicant shall not transfer this Certificate to any other entity for a period of  
31 20 years from the date of approval by the Corporation Commission, other  
32 than as part of a financing transaction where operational responsibilities will  
33 remain with Applicant, and where Applicant will continue to operate the plant  
34 in accordance with this Certificate.

35 **Status ~ No update or change from April 2004 quarterly report.**

- 36 34. Applicant shall post on its website, when its air quality permit application is  
37 submitted to the Maricopa County Environmental Services Department.  
38 Also, Applicant shall post on its website any official notice that may be  
39 required to be posted in newspapers for its air quality permit application.

Status ~ SRP has completed the activity required by this condition.

GRANTED this \_\_\_\_ day of February, 2001

ARIZONA POWER PLANT AND TRANSMISSION  
LINE SITING COMMITTEE

\_\_\_\_\_  
By Paul A. Bullis  
Its Chairman



1                                   **BEFORE THE ARIZONA CORPORATION COMMISSION**

2  
3 In the matter of the Application of Salt                   )  
4 River Project Agricultural Improvement and            )  
5 Power District in conformance with the                )  
6 requirements of Arizona Revised Statutes             )  
7 Sections 40-360-03 and 40-360.06, for a                )  
8 Certificate of Environmental Compatibility               )  
9 authorizing the Expansion of its Santan                )  
10 Generating Station, located at the intersection        )  
11 of Warner Road and Val Vista Drive,                    )  
12 in Gilbert, Arizona, by adding 825 megawatts           )  
13 of new capacity in the form of three combined         )  
14 cycle natural gas units, and associated                 )  
15 intraplant transmission lines.                         )  
16 \_\_\_\_\_ )

Case No. 105

Docket No. L-00000B-00-0105

Decision No. \_\_\_\_\_

17                   The Arizona Corporation Commission (Commission) has conducted its review, as  
18 prescribed by A.R.S. §40-360.07. Pursuant to A.R.S. §40-360.07(B), the Commission,  
19 in compliance with A.R.S. §40-360.06, and in balancing the broad public interest, the  
20 need for an adequate, economical and reliable supply of electric power with the desire  
21 to minimize the effect thereof on the environment and ecology of the state;

22                   The Commission finds and concludes that the Certificate of Environmental  
23 Compatibility should be granted upon the additional and modified conditions stated  
24 herein.

- 25                   35.     The Santan Expansion Project shall be required to meet the Lowest  
Achievable Emission rate (LAER) for Carbon Monoxide (CO), Nitrogen  
Oxides (Nox), Volatile Organic Carbons (VOCs), and particulate Matter  
less than ten micron in aerodynamic diameter (PM10). The Santan  
Expansion Project shall be required to submit an air quality permit  
application requesting this LAER to the Maricopa County Environmental  
Services Department.

**Status ~ No update or change from April 2004 quarterly report.**

36.     Due to the plant's location in a non-attainment area, the Applicant shall not  
use diesel fuel in the operation of any combustion turbine or heat recovery  
steam generator located at the plant.

1                    **Status ~ No update or change from April 2004 quarterly report.**

- 2
- 3       37. In obtaining emissions reductions related to Carbon Monoxide (CO)
- 4           emissions, Applicant shall, where technologically feasible, obtain those
- 5           emission reductions onsite to the Santan Expansion Project.

6                    **Status ~ SRP has completed the activity required by this condition.**

- 7
- 8       38. Beginning upon commercial operation of the new units, Applicant shall
- 9           conduct a review of the Santan Generating facility operations and
- 10           equipment every five years and shall, within 120 days of completing such
- 11           review, file with the Commission and all parties in this docket, a report
- 12           listing all improvements which would reduce plant emissions and the costs
- 13           associated with each potential improvement. Commission Staff shall
- 14           review the report and issue its findings on the report, which will include an
- 15           economic feasibility study, to the Commission within 60 days of receipt.
- 16           Applicant shall install said improvements within 24 months of filing the
- 17           review with the Commission, absent an order from the Commission
- 18           directing otherwise.

19                    **Status ~ No update or change from April 2004 quarterly report.**

- 20
- 21       39. Applicant shall provide \$20,000 to the Pipeline Safety Revolving Fund on
- 22           an annual basis, thus improving the overall safety of pipelines throughout
- 23           the State of Arizona.

24                    **Status ~ No update or change from April 2004 quarterly report.**

- 25
- 26       40. Where feasible, Applicant shall strive to incorporate local and in-state
- 27           contractors in the construction of the three new generation units for the
- 28           expansion project.

29                    **Status ~ Over one hundred-three local or in-state contractors have been**

30                    **engaged on jobs completed or in progress.**

- 31
- 32       41. Applicant shall construct a 10-foot high block wall surrounding the
- 33           perimeter of the Santan plant, and appropriately landscape the area
- 34           consistent with the surrounding neighborhood, unless otherwise agreed to
- 35           by the Salt River Project and the Citizens Working Group.

36                    **Status ~ SRP has completed the activity required by this condition.**

1                   **APPROVED AS AMENDED BY ORDER OF THE ARIZONA CORPORATION**  
2                   **COMMISSION**

3 \_\_\_\_\_  
4 Chairman

Commissioner

Commissioner

5                   In Witness hereof, I, Brian C. McNeil,  
6                   Executive Secretary of the Arizona  
7                   Corporation Commission, set my hand  
8                   and cause the official seal of this  
9                   Commission to be affixed this \_\_\_\_ day  
10                  of \_\_\_\_\_, 2001.

11               By: \_\_\_\_\_  
12               Brian C. McNeil  
13               Executive Secretary

14  
15  
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19  
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21  
22  
23  
24  
25  
Dissent: \_\_\_\_\_

# APPENDIX A



P.O. Box 52025  
Phoenix, AZ 85072-2025  
Mail Stop: STS300

Barry D. Drost  
Manager  
Santary/Kyrene Generating Stations  
Direct Line: 602-236-4380

May 26, 2004

Leon Rollins  
President  
Finley Farms South  
1801 E. Sage Brush  
Gilbert, AZ 85296

Dear Mr. Rollins:

SRP is seeking a representative from the Finley Farms South Home Owners Association to participate in a community effort regarding the Santan Generating Station in Gilbert. In cooperation with the Arizona Corporation Commission and various agencies, SRP is coordinating the development of the Santan Neighborhood Committee (SNC).

As a citizens group, the SNC will review air and noise compliance and water quality reporting related to the operation of the expansion of the Santan Generating Station. The SNC is a cooperative effort and depends on the willingness of its members to serve as community representatives.

It is expected that the SNC will begin meeting unofficially in August for an orientation process to prepare the members prior to the scheduled commercial operation of the plant in April 2005. During this initial phase, SRP will share with the SNC members information about our facility and the expected data that will be made available. Upon commercial operation of the plant the SNC will begin to meet officially, and it is anticipated that it will meet quarterly.

In addition to a representative selected by your homeowners association, the SNC will be composed of:

- One representative selected by the Arizona Department of Health Services
- One representative selected by the Maricopa County Air Quality Division
- One representative selected by the Gilbert Town Manager to represent the Town Staff
- One Town of Gilbert resident who is a registered professional engineer selected by SRP
- One representative selected by each of the following additional Home Owner Association boards:
  - Cottonwood Crossings
  - Rancho Cimarron
  - Silverstone Ranch
  - Western Skies Estates



Leon Rollins  
Finley Farms South  
May 26, 2004  
Page 2

- One representative of the unincorporated area south of the Santan Generating Station selected by SRP.

Once you have selected the representative from your community, or should you have any questions about the SNC, please call me at 602-236-4380. We would like to have the SNC identified by June 30, 2004.

Best regards,

A handwritten signature in black ink, appearing to read "Barry D. Drost".

Barry D. Drost  
Plant Manager  
Santan Generating Station



P.O. Box 52025  
Phoenix, AZ 85072-2025  
Mail Stop: STS300

Barry D. Drost  
Manager  
Santan/Kyrene Generating Stations  
Direct Line: 602-236-4380

May 26, 2004

Marc Graham  
President  
Silverstone Ranch  
1437 E. Pinto Ct.  
Gilbert, AZ 85296

Dear Mr. Graham:

SRP is seeking a representative from the Silverstone Ranch Home Owners Association to participate in a community effort regarding the Santan Generating Station in Gilbert. In cooperation with the Arizona Corporation Commission and various agencies, SRP is coordinating the development of the Santan Neighborhood Committee (SNC).

As a citizens group, the SNC will review air and noise compliance and water quality reporting related to the operation of the expansion of the Santan Generating Station. The SNC is a cooperative effort and depends on the willingness of its members to serve as community representatives.

It is expected that the SNC will begin meeting unofficially in August for an orientation process to prepare the members prior to the scheduled commercial operation of the plant in April 2005. During this initial phase, SRP will share with the SNC members information about our facility and the expected data that will be made available. Upon commercial operation of the plant the SNC will begin to meet officially, and it is anticipated that it will meet quarterly.

In addition to a representative selected by your homeowners association, the SNC will be composed of:

- One representative selected by the Arizona Department of Health Services
- One representative selected by the Maricopa County Air Quality Division
- One representative selected by the Gilbert Town Manager to represent the Town Staff
- One Town of Gilbert resident who is a registered professional engineer selected by SRP
- One representative selected by each of the following additional Home Owner Association boards:
  - Cottonwood Crossings
  - Finley Farms South
  - Rancho Cimarron
  - Western Skies Estates



Marc Graham  
Silverstone Ranch  
May 26, 2004  
Page 2

- One representative of the unincorporated area south of the Santan Generating Station selected by SRP.

Once you have selected the representative from your community, or should you have any questions about the SNC, please call me at 602-236-4380. We would like to have the SNC identified by June 30, 2004.

Best regards,

A handwritten signature in cursive script, appearing to read "Barry D. Frost".

Barry D. Frost  
Plant Manager  
Santan Generating Station





P.O. Box 52025  
Phoenix, AZ 85072-2025  
Mail Stop: STS300

Barry D. Drost  
Manager  
Santan/Kyrene Generating Stations  
Direct Line: 602-236-4380

May 26, 2004

Nan Dawson  
President  
Cottonwood Crossings  
2182 E. Ranch Ct.  
Gilbert, AZ 85296

Dear Ms. Dawson:

SRP is seeking a representative from the Cottonwood Crossings Home Owners Association to participate in a community effort regarding the Santan Generating Station in Gilbert. In cooperation with the Arizona Corporation Commission and various agencies, SRP is coordinating the development of the Santan Neighborhood Committee (SNC).

As a citizens group, the SNC will review air and noise compliance and water quality reporting related to the operation of the expansion of the Santan Generating Station. The SNC is a cooperative effort and depends on the willingness of its members to serve as community representatives.

It is expected that the SNC will begin meeting unofficially in August for an orientation process to prepare the members prior to the scheduled commercial operation of the plant in April 2005. During this initial phase, SRP will share with the SNC members information about our facility and the expected data that will be made available. Upon commercial operation of the plant the SNC will begin to meet officially, and it is anticipated that it will meet quarterly.

In addition to a representative selected by your homeowners association, the SNC will be composed of:

- One representative selected by the Arizona Department of Health Services
- One representative selected by the Maricopa County Air Quality Division
- One representative selected by the Gilbert Town Manager to represent the Town Staff
- One Town of Gilbert resident who is a registered professional engineer selected by SRP
- One representative selected by each of the following additional Home Owner Association boards:
  - Finley Farms South
  - Rancho Cimarron
  - Silverstone Ranch
  - Western Skies Estates



Nan Dawson  
Cottonwood Crossings  
May 26, 2004  
Page 2

- One representative of the unincorporated area south of the Santan Generating Station selected by SRP.

Once you have selected the representative from your community, or should you have any questions about the SNC, please call me at 602-236-4380. We would like to have the SNC identified by June 30, 2004.

Best regards,

A handwritten signature in black ink, which appears to read "Barry Drost", is written over the typed name.

Barry D. Drost  
Plant Manager  
Santan Generating Station



P.O. Box 52025  
Phoenix, AZ 85072-2025  
Mail Stop: STS300

Barry D. Drost  
Manager  
Santan/Kyrene Generating Stations  
Direct Line: 602-236-4380

May 26, 2004

Shane Donart  
President  
Rancho Cimarron  
1672 E. Saratoga Street  
Gilbert, AZ 85296

Dear Mr./Ms. Donart:

SRP is seeking a representative from the Rancho Cimarron Home Owners Association to participate in a community effort regarding the Santan Generating Station in Gilbert. In cooperation with the Arizona Corporation Commission and various agencies, SRP is coordinating the development of the Santan Neighborhood Committee (SNC).

As a citizens group, the SNC will review air and noise compliance and water quality reporting related to the operation of the expansion of the Santan Generating Station. The SNC is a cooperative effort and depends on the willingness of its members to serve as community representatives.

It is expected that the SNC will begin meeting unofficially in August for an orientation process to prepare the members prior to the scheduled commercial operation of the plant in April 2005. During this initial phase, SRP will share with the SNC members information about our facility and the expected data that will be made available. Upon commercial operation of the plant the SNC will begin to meet officially, and it is anticipated that it will meet quarterly.

In addition to a representative selected by your homeowners association, the SNC will be composed of:

- One representative selected by the Arizona Department of Health Services
- One representative selected by the Maricopa County Air Quality Division
- One representative selected by the Gilbert Town Manager to represent the Town Staff
- One Town of Gilbert resident who is a registered professional engineer selected by SRP
- One representative selected by each of the following additional Home Owner Association boards:
  - Cottonwood Crossings
  - Finley Farms South
  - Silverstone Ranch
  - Western Skies Estates



Shane Donart  
Rancho Cimarron  
May 26, 2004  
Page 2

- One representative of the unincorporated area south of the Santan Generating Station selected by SRP.

Once you have selected the representative from your community, or should you have any questions about the SNC, please call me at 602-236-4380. We would like to have the SNC identified by June 30, 2004.

Best regards,

A handwritten signature in cursive script, appearing to read "Barry Dröst", is written over a horizontal line.

Barry D. Dröst  
Plant Manager  
Santan Generating Station



P.O. Box 52025  
Phoenix, AZ 85072-2025  
Mail Stop: STS300

Barry D. Drost  
Manager  
Santan/Kyrene Generating Stations  
Direct Line: 602-236-4380

May 26, 2004

Greg Muench  
Western Skies Estates  
1210 E. Scheffield Ct.  
Gilbert, 85296

Dear Mr. Muench:

SRP is seeking a representative from the Western Skies Estates Home Owners Association to participate in a community effort regarding the Santan Generating Station in Gilbert. In cooperation with the Arizona Corporation Commission and various agencies, SRP is coordinating the development of the Santan Neighborhood Committee (SNC).

As a citizens group, the SNC will review air and noise compliance and water quality reporting related to the operation of the expansion of the Santan Generating Station. The SNC is a cooperative effort and depends on the willingness of its members to serve as community representatives.

It is expected that the SNC will begin meeting unofficially in August for an orientation process to prepare the members prior to the scheduled commercial operation of the plant in April 2005. During this initial phase, SRP will share with the SNC members information about our facility and the expected data that will be made available. Upon commercial operation of the plant the SNC will begin to meet officially, and it is anticipated that it will meet quarterly.

In addition to a representative selected by your homeowners association, the SNC will be composed of:

- One representative selected by the Arizona Department of Health Services
- One representative selected by the Maricopa County Air Quality Division
- One representative selected by the Gilbert Town Manager to represent the Town Staff
- One Town of Gilbert resident who is a registered professional engineer selected by SRP
- One representative selected by each of the following additional Home Owner Association boards:
  - Cottonwood Crossings
  - Finley Farms South
  - Rancho Cimarron
  - Silverstone Ranch



Greg Muench  
Western Skies Estates  
May 26, 2004  
Page 2

- One representative of the unincorporated area south of the Santan Generating Station selected by SRP.

Once you have selected the representative from your community, or should you have any questions about the SNC, please call me at 602-236-4380. We would like to have the SNC identified by June 30, 2004.

Best regards,

A handwritten signature in black ink, which appears to read "Barry Drost", is written over the typed name.

Barry D. Drost  
Plant Manager  
Santan Generating Station



P.O. Box 52025  
Phoenix, AZ 85072-2025  
Mail Stop: STS300

Barry D. Drost  
Manager  
Santan/Kyrene Generating Stations  
Direct Line: 602-236-4380

June 8, 2004

Mr. Daniel F. Smith  
13208 S. 154<sup>th</sup> Street  
Gilbert, AZ 85296

Dear Mr. Smith,

In cooperation with the Arizona Corporation Commission and various agencies, SRP is coordinating the development of the Santan Neighborhood Committee (SNC). SRP is seeking a representative from the County Island to participate in this community effort and it is my understanding that you have expressed interest to serve in this capacity.

As a citizens group, the SNC will review noise compliance, air and water quality reporting related to the operation of the expansion of the Santan Generating Station. The SNC is a cooperative effort and depends on the willingness of its members to serve as community representatives.

It is expected that the SNC will begin meeting unofficially in September for an orientation process to prepare the members prior to the scheduled commercial operation of the plant in April 2005. During this initial phase, SRP will share with the SNC members information about our facility and the expected data that will be made available. Upon commercial operation of the plant the SNC will begin to meet officially, and it is anticipated that it will meet quarterly.

As well as your anticipated membership on the committee, the SNC will be composed of individuals representing the following organizations:

- Arizona Department of Health Services
- Maricopa County Air Quality Division
- Gilbert Town Staff
- Cottonwood Crossings HOA
- Finley Farms South HOA
- Rancho Cimarron HOA
- Silverstone Ranch HOA
- Western Skies HOA
- At-Large Town of Gilbert resident/engineer

Please call me at (602) 236-4380 regarding your acceptance of this position. We would like to have the SNC identified by June 30, 2004.

Best regards,

Barry D. Drost  
Plant Manager  
Santan Generating Station



P.O. Box 52025  
Phoenix, AZ 85072-2025  
(602) 236-5900  
www.srpnet.com

Mail Station: PAB352  
Phone: (602) 236-2968  
Fax: (602) 236-3407  
Email: kgwanitaj@srpnet.com

June 3, 2004

Mr. Will Humble  
Arizona Department of Health Services  
150 N. 18<sup>th</sup> Ave  
Suite 100  
Phoenix, AZ 85007

**Re: Santan Neighborhood Committee**

Dear Mr. Humble,

In April 2001, SRP received approval from the Arizona Corporation Commission (ACC) to construct and operate 825 megawatts of new generation at the existing Santan Generating Station in Gilbert, Arizona. Condition 19 of the Certificate of Environmental Compatibility (attached) issued by the ACC for the Santan expansion requires SRP to establish a citizens committee that would monitor air, noise and water quality compliance when the units begin operating. While commercial operation is scheduled for spring 2005, SRP will begin startup testing of the new units this fall. There will be air emissions and wastewater discharges associated with this startup testing.

SRP plans to organize the Santan Neighborhood Committee (SNC) over the next several months and hold the first Committee meeting in September 2004. The composition of the SNC will consist of representatives from the neighboring Home Owners Associations, officials from the Town of Gilbert, a registered professional engineer residing in Gilbert, a representative from the Arizona Department of Health Services (ADHS), and a representative from the Maricopa County Air Quality Division. ADHS participation in the SNC is important to address any health related questions that may arise during discussion of environmental data.

SRP officially requests that ADHS assign a person to participate on the SNC. The schedule and frequency of the SNC meetings will be up to the members, but it is likely that meetings would be held no more frequently than quarterly. Please call me at 602-236-2968 with the name of the ADHS representative by June 30, 2004 or to discuss any questions you may have about the SNC.

Sincerely,

A handwritten signature in black ink that reads "Kevin Wanttaja". The signature is written in a cursive, flowing style.

Kevin Wanttaja  
Manager, Environmental Services

Attachment

File: PRJ 12-10

EC 12471.064



will cooperate with the Town of Gilbert to develop an emergency notification plan and to provide information to community residents relative to potential emergency situations arising from the plant or related facilities. Applicant agrees to work with the Gilbert police and fire departments to jointly develop on site and off-site evacuation plans, as may be reasonably appropriate. This cooperative work and plan shall be completed prior to operation of the plant expansion.

In obtaining air offsets required by EPA and Maricopa County, Applicant will use its best efforts to obtain these offsets as close as practicable to the plant site.

18. In order to reduce the possibility of generation shortages and the attendant price volatility that California is now experiencing, SRP will operate the facilities consistent with its obligation to serve its retail load and to maintain a reliable transmission system within Arizona.

19. Beginning upon operation of the new units, Applicant will establish a citizens' committee, elected by the CWG, to monitor air and noise compliance and water quality reporting. Applicant will establish on-site air and noise monitoring facilities to facilitate the process. Additionally Applicant shall work with Maricopa County and the Arizona Department of Environmental Quality to enhance monitoring in the vicinity of the plant site in a manner acceptable to Maricopa County and the Arizona Department of Environmental Quality. Results of air monitoring will be made reasonably available to the public and to the citizens' committee. Applicant shall provide on and off-site noise monitoring services (at least on a quarterly basis), testing those locations suggested by the citizens' committee. The off-site air monitoring plan shall be funded by the Applicant and be implemented before operation of the plant expansion.

20. Applicant will explore, and deploy where reasonably practicable, the use of available technologies to reduce the size of the steam plumes from the unit cooling towers. This will be a continuing obligations throughout the life of the plant.

21. SRP will, where practicable, work with El Paso Natural Gas Company to use the railroad easements for the installation of the new El Paso gas line.

22. Other than the Santan/RS 18 lines currently under construction, Applicant shall not construct additional Extra High Voltage transmission lines (115kV and above) into or out of the Santan site, including the substation on the site.

23. Applicant will replace all Town of Gilbert existing street sweepers with certified PM10 efficient equipment. A PM10 efficient street sweeper is a street sweeper that has been certified by the South Coast Air Quality



P.O. Box 52025  
Phoenix, AZ 85072-2025  
(602) 336-5900  
www.srpnet.com

Mail Station: PAB352  
Phone: (602) 236-2968  
Fax: (602) 236-3407  
Email: kgwantta@srpnet.com

June 21, 2004

Mr. Al Brown  
Maricopa County Environmental Services Department  
1001 N. Central Ave.  
Phoenix, AZ 85004

**Re: Santan Neighborhood Committee**

Dear Mr. Brown,

In April 2001, SRP received approval from the Arizona Corporation Commission (ACC) to construct and operate 825 Mw of new generation at the existing Santan Generating Station in Gilbert, Arizona. Condition 19 of the Certificate of Environmental Compatibility (attached) issued by the ACC for the Santan expansion requires SRP to establish a citizens committee that would monitor air, noise and water quality compliance when the units begin operating. While commercial operation is scheduled for spring 2005, SRP will begin startup testing of the new units this fall. There will be air emissions and wastewater discharges associated with this startup testing.

SRP plans to organize the Santan Neighborhood Committee (SNC) over the next several months and hold the first Committee meeting in September 2004. The composition of the SNC will consist of representatives from the neighboring Home Owners Associations, officials from the Town of Gilbert, a registered professional engineer residing in Gilbert, a representative from the Arizona Department of Health Services (ADHS), and a representative from the Maricopa County Air Quality Division. Maricopa County Air Quality participation in the SNC is important to address any regulatory or technical related questions that may arise during discussion of air quality data.

SRP officially requests that Maricopa County Environmental Services Department assign a person from the Air Quality Division to participate on the SNC. The schedule and frequency of the SNC meetings will be up to the members, but it is likely that meetings would be held no more frequently than quarterly. Please call me at 602-336-2968 with the name of the ADHS representative by July 15, 2004 or to discuss any questions you may have about the SNC.

Sincerely,

Kevin Wanttaja  
Manager, Environmental Services

File: PRJ 12-10

EC 12485.064

ATTACHMENT

will cooperate with the Town of Gilbert to develop an emergency notification plan and to provide information to community residents relative to potential emergency situations arising from the plant or related facilities. Applicant agrees to work with the Gilbert police and fire departments to jointly develop on site and off-site evacuation plans, as may be reasonably appropriate. This cooperative work and plan shall be completed prior to operation of the plant expansion.

In obtaining air offsets required by EPA and Maricopa County, Applicant will use its best efforts to obtain these offsets as close as practicable to the plant site.

18. In order to reduce the possibility of generation shortages and the attendant price volatility that California is now experiencing, SRP will operate the facilities consistent with its obligation to serve its retail load and to maintain a reliable transmission system within Arizona.

19. Beginning upon operation of the new units, Applicant will establish a citizens' committee, elected by the CWG, to monitor air and noise compliance and water quality reporting. Applicant will establish on-site air and noise monitoring facilities to facilitate the process. Additionally Applicant shall work with Maricopa County and the Arizona Department of Environmental Quality to enhance monitoring in the vicinity of the plant site in a manner acceptable to Maricopa County and the Arizona Department of Environmental Quality. Results of air monitoring will be made reasonably available to the public and to the citizens' committee. Applicant shall provide on and off-site noise monitoring services (at least on a quarterly basis), testing those locations suggested by the citizens' committee. The off-site air monitoring plan shall be funded by the Applicant and be implemented before operation of the plant expansion.

20. Applicant will explore, and deploy where reasonably practicable, the use of available technologies to reduce the size of the steam plumes from the unit cooling towers. This will be a continuing obligations throughout the life of the plant.

21. SRP will, where practicable, work with El Paso Natural Gas Company to use the railroad easements for the installation of the new El Paso gas line.

22. Other than the Santan/RS 18 lines currently under construction, Applicant shall not construct additional Extra High Voltage transmission lines (115kV and above) into or out of the Santan site, including the substation on the site.

23. Applicant will replace all Town of Gilbert existing street sweepers with certified PM10 efficient equipment. A PM10 efficient street sweeper is a street sweeper that has been certified by the South Coast Air Quality

# APPENDIX B

June 17, 2004

«Salutation» «First\_Name» «Last\_Name»  
«Company»  
«Address»  
«City\_\_State\_\_Zip»

Dear «Salutation» «Last\_Name»,

As you know, last year SRP constructed a natural gas pipeline to serve the power plant expansion at the Santan Generating Station. This letter is being sent to inform you of recent activity that may influence ownership of that gas pipeline.

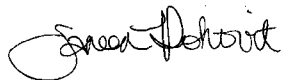
As you recall, SRP constructed the pipeline to provide natural gas for the expansion of its Santan Generating Station. Although SRP does not typically construct natural gas pipelines, it was necessary to do so for this project in order to meet the timeline for commercial operation of the new generating units. The pipeline is now fully constructed and SRP expects natural gas to begin flowing this summer.

In an effort to fortify the infrastructure for delivery of natural gas throughout the state of Arizona, as well as encourage a more diverse supply, a number of natural gas suppliers recently have expressed interest in purchasing the pipeline from SRP. Because SRP does not generally own and operate natural gas pipelines of this type, SRP is exploring the option of selling the pipeline to an entity experienced in the operation and maintenance of natural gas pipelines. **Regardless of the ownership of the pipeline, the line will continue to be used to supply natural gas to the Santan Generating Station.**

We ask you to recognize that the sale of the pipeline will require an involved negotiation process that may take several months.

This letter is being sent at the onset of a possible change in ownership because it is the sincere intent of SRP to be forthright concerning this action. I remain available to address any questions or concerns from the property owners along the gas pipeline easement as well as the City and County staff involved in the ongoing production and safety of the gas pipeline.

Sincerely,



Janeen Rohovit  
SRP Public Involvement  
1-800-380-6123 / 602-236-2679